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ABSTRACT

Teacher salaries are the single most costly item in every state's education budget. This report provides both a historical overview and recent statistics on trends in teacher salaries. The report describes the status of teacher salaries in the Southern Regional Education Board (SREB) states, defines "average" teacher salary, and discusses how school-reform initiatives have affected teacher salaries. The report also compares SREB states' average teacher salaries to the national average. discusses the effect of cost-of-living adjustment on teacher salaries, discusses the effect of the growing teacher work force on salary averages, and examines the linkages between salaries and teacher experience and teacher performance. Two figures (average teacher salaries by rank for the period 1984-85 through 1994-95 and estimated average teacher salary in SREB states for 1994-95) and four tables are included. (LMI)

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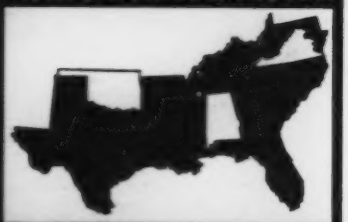
GOALS FOR EDUCATION



Educational Benchmarks
1995

ED 406 747

Teacher Salary Trends During a Decade of Reform

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SREB

Southern Regional Education Board

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GOALS FOR EDUCATION

BY THE YEAR 2000—

Salaries for teachers and faculty will be competitive in the marketplace, will reach important benchmarks, and will be linked to performance measures and standards.

SREB Goals for Education
Commission for Educational Quality, 1988

"The success of all education reforms comes down to what happens when the teacher closes the classroom door and class begins."

Even though learning can occur anywhere in this information age, there is still much truth in this claim about the teacher and the classroom. That is why it is so important that when the classroom doors close, the teachers behind them be competent, prepared, and qualified. Add the financial reality that most of the money spent for education goes for teachers' salaries, and it is not surprising that governors, legislators, and school boards give so much attention to the basic question: "How much will we pay teachers?"

"Significantly more . . ." has been the answer in SREB states over the past decade. But 10 years of catching up has left many frustrated. Teachers are frustrated because they still feel underpaid. Government officials who earmark dollars for education are frustrated because—despite their efforts—they're still hearing about "the salary gap."

Often lost in the frustration over results is the fact that SREB states have added more new teachers in the past decade than the other 35 states combined. It's difficult to raise salaries enough when you're also creating nearly 200,000 new jobs.

Forseeable economic and political circumstances suggest that the uphill struggle to improve salaries for teachers will continue. So will the attempts to pursue the question of whether—and how—states can link the pay of teachers more closely to state and local efforts to improve education. So long as the only question before legislatures and school boards is whether there will be a 1 percent, 3 percent, or 5 percent across-the-board pay raise, states are not likely to discover workable incentive plans for teachers and schools.

This report on teacher salary trends during a decade of education reform provides both an historical overview and the latest numbers, and it poses some of the questions that may need to be asked and answered in your state.

Mark D. Musick, President
Southern Regional Education Board

Teacher Salary Trends During a Decade of Reform

Teacher salaries are the single most costly item in every state's education budget. When state legislators debate the budget, one question always produces big headlines: *How much will we pay teachers?*

In the SREB region, the salaries and benefits for classroom teachers account for more than half of elementary and secondary education spending—about $35 billion in 1995. A one percent pay raise for teachers in the region costs about $300 million, ranging from $7 million in West Virginia to $72 million in Texas—and that doesn't include benefits.

What results do SREB states have from more than a decade of attempts to raise teacher salaries to competitive levels and link salaries to performance?

- Many states have improved salaries significantly for beginning and continuing teachers.
- The SREB states narrowed the gap between the regional and national salary average in the mid-1980s, but the gap widened again through the early 1990s.
- Southern schools have grown by nearly 1.5 million students since 1985, and they've added more than 180,000 teachers. This growth—and a commitment in many states to lower student-teacher ratios—helps explain the widening salary gap.
- When teacher salaries in the SREB states are adjusted for cost-of-living differences, every state but Maryland gains on the national average, but no state actually reaches the national average.
- While most SREB states have implemented major school reforms, no state has successfully linked teacher compensation and school improvement. Teacher pay raises are a big-ticket item which many states struggle to provide. As pressure grows to reduce taxes and cut government spending, political and education leaders can expect closer scrutiny of the state's "return on investment" in teacher salaries.

What is the status of teacher salaries in the SREB states?

Six years ago, the Southern Regional Education Board estimated that states would need to invest an additional $2.9 billion to close the gap between the average teacher salary in the SREB states and the national average. Today, that figure is closer to $5 billion—enough to pay the salaries of every teacher in Alabama, Arkansas, Mississippi, Oklahoma, and West Virginia for a year.

This report was prepared by Gale Gaines, *Associate Director for State Services.*

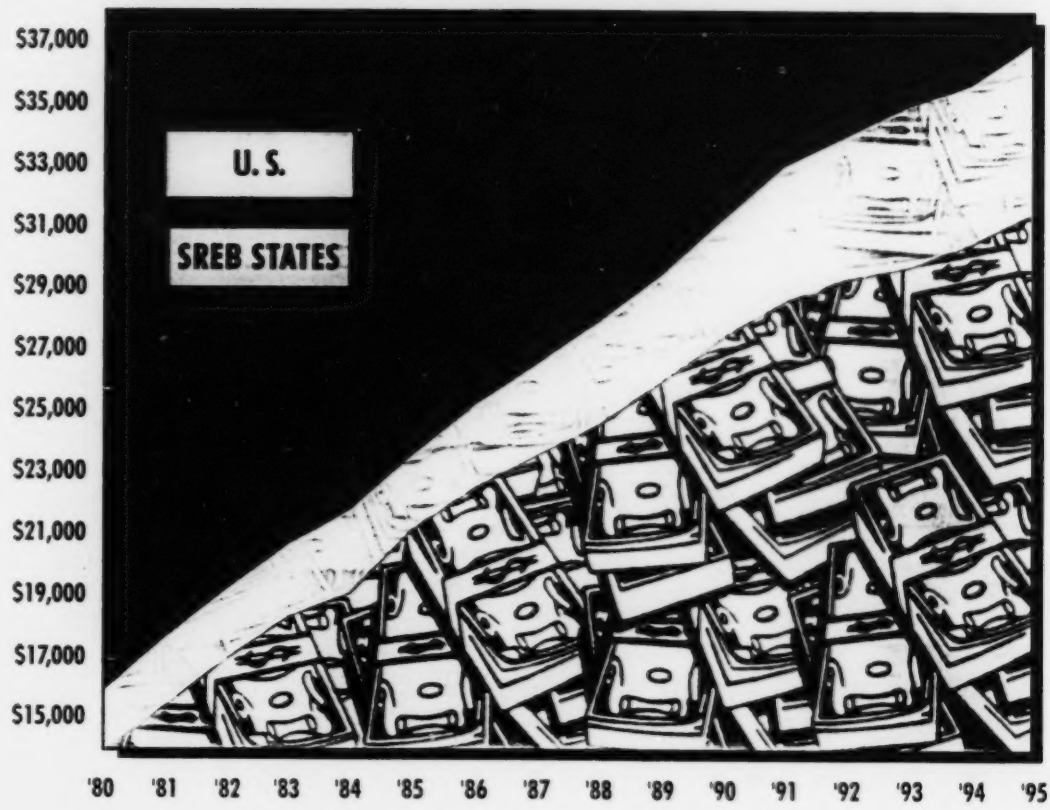
What happened?

Despite the determined efforts of state legislatures—many of which set ambitious salary goals in the 1980s and 1990s—rapid growth in the number of students entering school in the Sunbelt South, and a decision in many states to lower student-teacher ratios in certain grades and certain classes, siphoned off dollars that might have been earmarked to close the salary gap.

More than half the national growth in the teacher workforce since 1990 has taken place in the SREB states—a fact that helps explain why U.S. teacher salaries grew by nearly 18 percent in the last five years, and SREB salaries grew by only 15 percent. Preliminary figures for 1995 show that the SREB states may have narrowed the salary gap with the nation slightly, but it's too early to predict a trend.

THE TEACHER SALARY GAP

Average Teacher Salaries in the U.S. and the SREB States, 1980–1995



Sources: National Education Association, *1994-95 Estimates of School Statistics* and *Rankings of the States*, various years.

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What do we mean by an "average" teacher salary?

Average salaries are used to compare teacher compensation from state to state. Simply put, the average teacher salary is the sum of all teacher salaries paid during a particular year, divided by the number of teachers. Benefits are not included in the calculation.

Salary averages can mask wide variations from state to state and from school district to school district. For example, one SREB state with an average salary of $27,800 had district averages ranging from $18,700 to $32,700, a variation of 74 percent. In another SREB state, district salary averages varied by 89 percent, ranging from $44,900 to $23,800.

Salary averages don't vary as much from one state to another. While state averages ranged from about $26,600 to about $40,600 last year, almost half the SREB states had salary averages within a $1,500 range—and these states employed more than 60 percent of the teachers in the region.

Salary averages fluctuate from year to year, for several reasons. While state and local pay raises obviously affect the average, so do changes in who is teaching. For example, if a large number of experienced, higher-paid teachers retire, the average will likely go down as less experienced teachers are hired to replace them.

State or local policy decisions can also affect salary averages. Some states have created early retirement "windows," producing a large wave of retirees in a particular year. Or a state may create an incentive for teachers to earn advanced credentials, producing a surge in the salary average as more teachers earn additional pay for master's or specialist's degrees. And a new state or local policy to reduce class size can lower salary averages, as schools turn to less-experienced teachers to fill the demand for more staff.

How have school reform initiatives affected salaries?

Most SREB states adopted comprehensive educational reforms in the 1980s and 1990s—and most of these reform laws emphasized better pay for classroom teachers. The push to raise teacher salaries was not limited to states with school reform initiatives, however; other states also set teacher salary goals.

States used a variety of methods to increase teacher salaries. Some raised the average salary by a certain dollar amount or percentage over a specified period of time (Arkansas, Kentucky, Mississippi, and West Virginia). Others worked to bring average salaries to the southeastern average (Louisiana and South Carolina), or to increase the salaries of beginning teachers (Oklahoma and Tennessee). Most recently, the governor of Georgia has challenged the state to reach the national salary average by 1998.

Salary reforms have had a dramatic effect on average teacher pay in several states. In 1991, Arkansas developed a plan to reach national education goals and created a special account, funded by an increase in the sales tax, to help improve teacher salaries. Average salaries grew 16 percent over a two-year period, from $23,611 in 1991 to $27,433 in 1993. Due in large part to this effort, the average Arkansas teacher salary has increased 27 percent in the 1990s—although the state's salaries still fall below many SREB states.

SALARIES

The Kentucky legislature's major overhaul of the public school system in 1990 included a promise to raise teacher salaries by 15 percent during the first two years of the Kentucky Education Reform Act. In the year before reform, Kentucky teachers earned an average salary of $26,292—ninth in the region. Two years later, average teacher pay had increased more than 17 percent to $30,870. This increase brought Kentucky's average to fourth in the region, where it stayed until 1993-94. Kentucky now ranks fifth among SREB states with an average salary of $32,257, a change of 4.4 percent since 1992.

In West Virginia, reforms passed in 1990 called for a $5,000 increase in the average teacher salary over three years. In the year before the effort began, West Virginia's $22,842 average ranked 14th in the region. By 1992-93, the final year of the planned raises, the average salary had increased 33 percent, reaching $30,301 and rising to 5th in the regional rankings. Teachers received no general pay raise in 1994, but in 1995, raises were provided based on years of service. West Virginia currently ranks sixth in salary among SREB states.

Oklahoma and Tennessee used a different strategy to address salary issues— increasing the minimum pay for beginning teachers. In its 1990 education reform act, Oklahoma set (and later met) a goal to raise the minimum teacher salary 60 percent by 1994-95—to $24,000. The Oklahoma law didn't require salary increases for veteran teachers, although it had that effect. Even though the state expanded its teaching force by 10 percent, average salaries for all teachers

Estimated Average Teacher Salaries in the SREB States, 1994-95

	Estimated Average 1994-95	Percent Change 1985 to 1995	Percent Change 1990 to 1995	Percent Change 1994 to 1995
United States	$ 36,933	56.5 %	17.8 %	3.1 %
SREB States	31,622	49.7	15.0	3.4
SREB States as a percent of U.S.	85.6 %			
Alabama	$ 31,144	53.5 %	23.1 %	8.5 %
Arkansas	28,409	52.0	27.1	1.1
Florida	32,588	56.4	13.1	2.0
Georgia	32,828	59.3	17.2	6.9
Kentucky	32,257	59.5	22.7	2.0
Louisiana	26,574	36.3	9.4	1.1
Maryland	40,636	57.1	11.9	3.0
Mississippi	26,910	69.0	10.8	7.0
North Carolina	31,079	49.3	11.5	4.5
Oklahoma	27,971	47.1	21.2	3.6
South Carolina	30,341	50.6	11.5	2.6
Tennessee	31,270	52.7	15.6	2.5
Texas	31,310	34.6	13.9	2.6
Virginia	33,753	58.7	9.1	2.3
West Virginia	31,923	63.2	39.8	4.5

Sources: National Education Association, *1994-95 Estimates of School Statistics* and *Rankings of the States, 1986* and *1991*.

grew 21 percent from 1990 to 1995 (compared to 15 percent regionally and about 18 percent nationally).

Tennessee adopted a goal in 1988 to raise minimum pay over two years from $16,900 to $18,500. Budget problems forced the state to extend the effort to a third year, when beginning teacher pay reached $18,585. Average teacher pay also increased—by nearly 19 percent—from $23,785 in 1988 to $28,248 in 1991. Reform legislation passed in 1992 prohibits the use of education funds for raising teacher and administrator pay unless funds are specifically appropriated for that purpose.

Clearly, salary goals have significantly improved teacher salary averages across the region. But many states have found it difficult to sustain their efforts in the face of other budget demands. Often states have reached a goal and then relaxed their efforts, losing ground to other states that continued to push salaries upward.

How close have SREB states come to the national average?

The SREB regional salary average edged closest to national average in 1985-86 when it reached about 90 percent of the U.S. figure. In the years that followed, the regional average gradually slipped to a low of 85 percent in 1992-93.

These declines resulted from lower pay raises, the elimination of incentive programs, or the mass retirement of veteran teachers at the higher end of the pay schedule. When South Carolina phased out its eight-year old teacher incentive program in 1992, the aver-

Average Teacher Salaries by Rank

	1984-85		1989-90		Estimated 1994-95
1 Maryland	$ 25,861	1 Maryland	$ 36,319	1 Maryland	$ 40,636
2 Texas	23,259	2 Virginia	30,938	2 Virginia	33,753
3 Virginia	21,272	3 Florida	28,803	3 Georgia	32,828
4 Florida	20,836	4 Georgia	28,006	4 Florida	32,588
5 North Carolina	20,812	5 North Carolina	27,883	5 Kentucky	32,257
6 Georgia	20,607	6 Texas	27,496	6 West Virginia	31,923
7 Tennessee	20,474	7 South Carolina	27,217	7 Texas	31,310
8 Alabama	20,295	8 Tennessee	27,052	8 Tennessee	31,270
9 Kentucky	20,230	9 Kentucky	26,292	9 Alabama	31,144
10 South Carolina	20,143	10 Alabama	25,300	10 North Carolina	31,079
11 West Virginia	19,563	11 Louisiana	24,300	11 South Carolina	30,341
12 Louisiana	19,490	12 Mississippi	24,292	12 Arkansas	28,409
13 Oklahoma	19,019	13 Oklahoma	23,070	13 Oklahoma	27,971
14 Arkansas	18,696	14 West Virginia	22,842	14 Mississippi	26,910
15 Mississippi	15,923	15 Arkansas	22,352	15 Louisiana	26,574

Sources: National Education Association, *1994-95 Estimates of School Statistics* and *Rankings of the States, 1986* and *1991*

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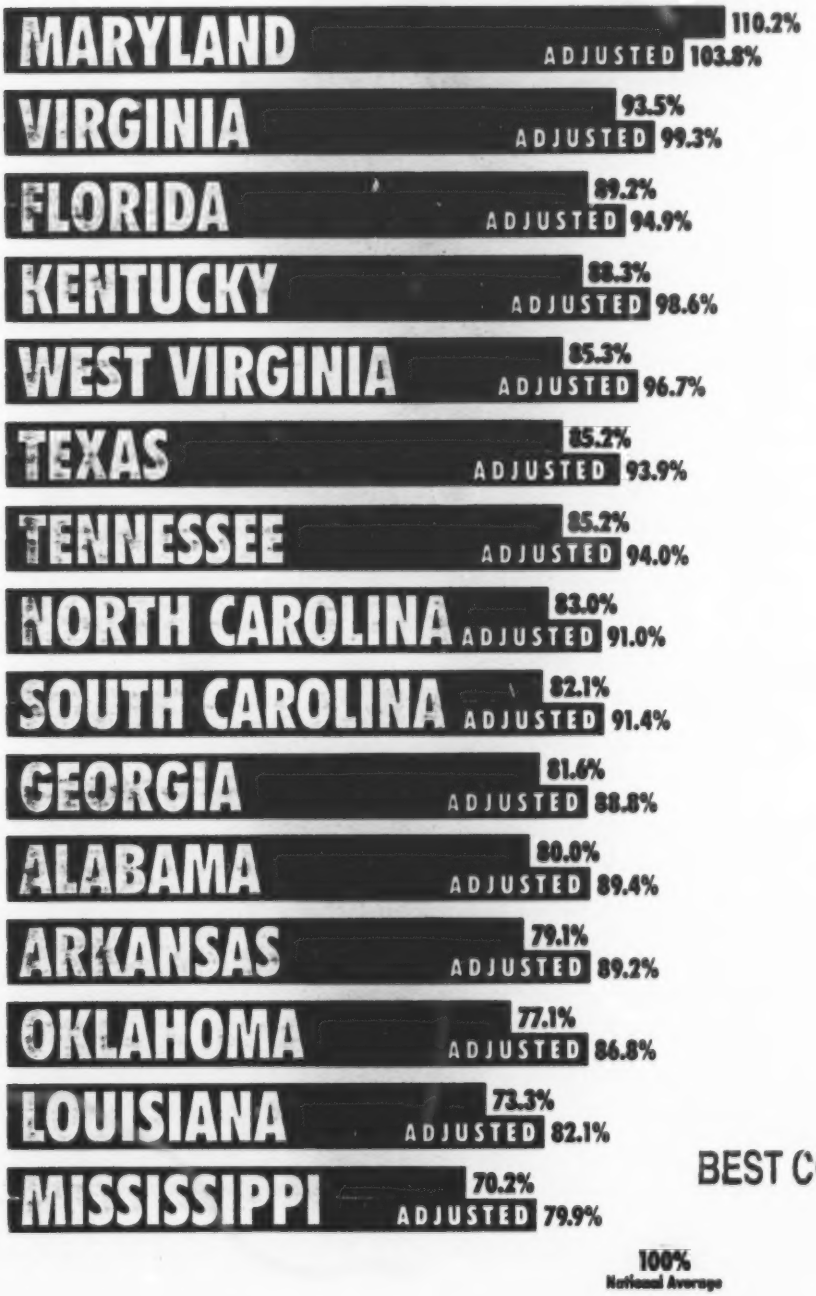
DON'T FORGET THE COST OF LIVING

Average Teacher Salaries in the SREB States Adjusted for the Cost of Living in Each State, 1994


MARYLAND 110.2% ADJUSTED 103.8%
VIRGINIA 93.5% ADJUSTED 99.3%
FLORIDA 89.2% ADJUSTED 94.9%
KENTUCKY 88.3% ADJUSTED 98.6%
WEST VIRGINIA 85.3% ADJUSTED 96.7%
TEXAS 85.2% ADJUSTED 93.9%
TENNESSEE 85.2% ADJUSTED 94.0%
NORTH CAROLINA 83.0% ADJUSTED 91.0%
SOUTH CAROLINA 82.1% ADJUSTED 91.4%
GEORGIA 81.6% ADJUSTED 88.8%
ALABAMA 80.0% ADJUSTED 89.4%
ARKANSAS 79.1% ADJUSTED 89.2%
OKLAHOMA 77.1% ADJUSTED 86.8%
LOUISIANA 73.3% ADJUSTED 82.1%
MISSISSIPPI 70.2% ADJUSTED 79.9%
100% National Average

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Sources: American Federation of Teachers, *Survey and Analysis of Salary Trends 1994*

age teacher salary dipped by nearly $500. And budget officials in Virginia attribute most of a $600 drop in the 1992 average teacher salary to a one-time early retirement offer that nearly 2,000 veteran teachers accepted.

The SREB states have gained slightly on the national average over the last two years, although it is too early to predict the reversal of a trend. Pay raises adopted in Alabama (8.5 percent), Georgia (5 percent), Mississippi (7 percent), and North Carolina (7 percent) in 1995 account for much of the gain. The $31,622 regional average is now estimated to be 85.6 percent of the national average salary—still considerably lower than the record 90 percent in 1986. (See figure on page 4.)

Does the cost of living make a difference?

What effect does a cost-of-living adjustment have on the value of teacher salaries in the SREB states? The averages of nearly all SREB states improve—though not as dramatically as some might expect.

When salary averages are adjusted for the cost of living, 10 of the 12 states with the most improved rankings are in the SREB region. However, no SREB state reaches the national average with the cost-of-living adjustment. And even when cost of living is factored in, only Maryland, Virginia, Kentucky, West Virginia, and Florida are found in the top half of national salary rankings. Teacher salaries in Oklahoma, Louisiana, and Mississippi remain among the bottom ten states nationally.

Maryland—the only SREB state with an average teacher salary above the national average—is also the only state in the region where teacher salaries actually lose value when living expenses are factored in.

How has growth in the teacher workforce affected salary averages?

Teacher salaries in the United States have increased by 57 percent over the last decade, and by only 50 percent in the South. But the gains in the SREB region may be more impressive than they first appear, given other demands.

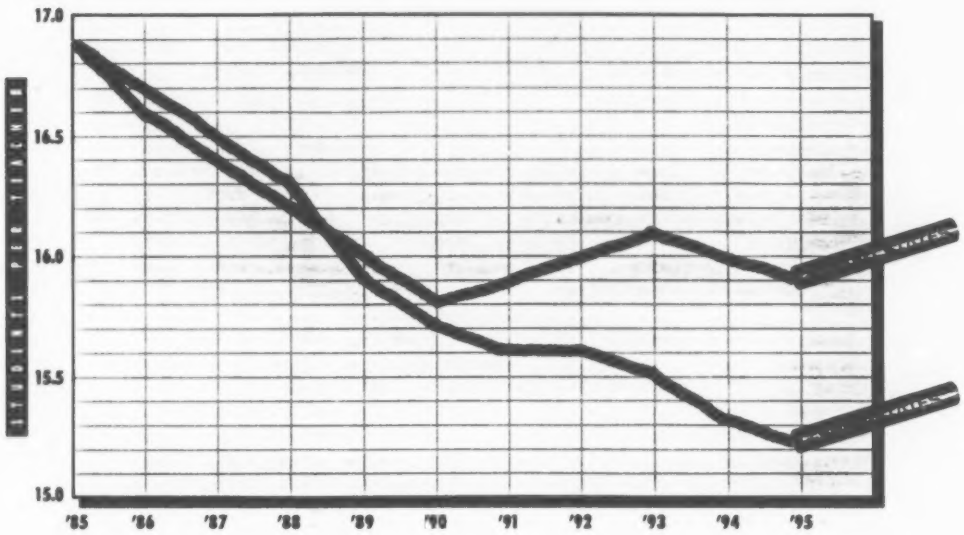
States have not only spent more money on teacher salaries, most SREB states have added new teachers to the payroll to keep up with growing numbers of students. States have also added teachers to improve quality—usually by reducing class size in selected grades or programs. Lowering the student-teacher ratio is an expensive proposition anytime; when student enrollments are on the rise, the costs can go up dramatically.

In the last five years, SREB states have added an estimated 94,400 teaching positions, more than all other states in the nation combined. In the last year alone, 22,400 new teaching positions were created in SREB states. At an average salary of $31,622, SREB states are paying $708 million (plus the cost of benefits) for these new positions.

These new teaching positions have made it possible for some states to reduce class size and accommodate enrollment increases. Ten years ago, the student-teacher ratio in the United States and in the SREB states was about the same—nearly 17 students for every teacher. In 1990 the SREB states moved slightly ahead of the nation (see the chart

INVESTING IN MORE TEACHERS

The SREB States Have Outpaced the Nation
in Lowering the Student/Teacher Ratio



Sources: National Education Association, *Estimates of School Statistics*, various years.

on this page). Figures for 1995 show a dramatic gain in the South. Today, there is a teacher for every 15 students in the SREB region, compared to a 16-1 ratio in the nation.

As most teachers can testify, these ratios are deceiving. Most states have concentrated their class-size reductions on the primary grades. Special education classes also distort the average, since many of these classes are very small. And other low-enrollment classes in advanced academic areas also affect the average.

Even so, the region's low ratio is an impressive accomplishment—with a high price tag. Consider, for example, the cost of lowering the current student-teacher ratio in the SREB states by one more student. A 14-to-1 ratio would require another 66,000–plus teachers, at a cost of more than $2 billion a year.

Are states linking salaries to responsibilities and results?

Quality teaching is at the heart of state and district efforts to meet education improvement goals. As policymakers shift more decision-making authority to local schools, the quality of the teaching force takes on added importance. Yet few states have changed teacher compensation systems to reinforce this dramatic shift in accountability.

When teachers become more responsible and accountable for results in their classrooms, it makes sense that their salaries be tied more directly to their different responsibilities and the quality of their performance. But, while states are taking dramatic steps to make local schools the focal point of educational improvement, they continue to rely on

a traditional salary structure that uses education degrees and experience to differentiate one teacher's paycheck from another's.

Ten SREB states calculate teacher pay based on state salary schedules that rely on a teacher's earned degrees and years of experience. Local districts, particularly in urban areas, may add supplemental pay to a teacher's salary to bring it above the state minimum.

State-mandated minimum salaries for beginning teachers range from $14,631 in Louisiana (though all districts currently pay above the minimum) to $24,060 in Oklahoma. In Arkansas, a 1995 law will phase in the state's first minimum salary schedule. Recent action in Texas expands the salary schedule and ties future increases directly to student appropriations. Alabama, Florida, Maryland, and Virginia have no state minimum salary schedule, but local districts in these states develop schedules of their own which also rely on "steps" based on degrees and experience.

Traditional salary schedules have not undergone much change since the 1960s. From time to time, states and districts may make slight adjustments to the schedules, but their basic structure remains the same. Teachers earn larger salaries by persevering from year to year and by pursuing additional college degrees.

Traditional teacher compensation systems do little to support school improvement efforts. Salary schedules are not linked to student achievement. They do not reflect the quality of teaching in the classroom, nor do they compensate teachers for what they know and can do.

Several SREB states have funded programs or pilots that attempt to recognize quality teaching, additional effort, and improvements in student performance. For the most part, however, these programs have been viewed as "add-ons" and have not become part of the regular system of teacher compensation.

In the mid 1980s, North Carolina, Tennessee, and Texas experimented with teacher career ladders. These programs used state developed evaluations to determine how teachers would progress up the ladder. South Carolina created teacher and principal incentive pilot programs. Only Tennessee has succeeded in implementing and continuing its initiative. Funds for the Tennessee career ladder, now in its twelfth year, exceed $100 million and teachers who participate receive

State Salary Schedules and Minimum Mandated Salaries, 1994-95

	State Salary Schedule	Minimum Salary Bachelor's Degree	Years of Service
Alabama	No	None	
Arkansas	No	$ 16,000	§
Florida	No	None	
Georgia	Yes	20,052	19
Kentucky	Yes	19,910	20
Louisiana	Yes	14,631	25
Maryland	No	None	
Mississippi	Yes	19,650	17 *
North Carolina	Yes	20,020	29
Oklahoma	Yes	24,060	15
South Carolina	Yes	19,837	17
Tennessee	Yes	21,115	15
Texas	Yes	17,000	17 **
Virginia	No	None	
West Virginia	Yes	21,778	20

§ In Arkansas, a minimum salary schedule will take effect in 1995-96. The minimum salary for teachers with a Bachelor's degree will be $20,000. The schedule will recognize 14 years of experience.

* Mississippi will expand its salary schedule to recognize 18 years of service in 1995-96 and raise its minimum to $20,150.

** Texas will expand its salary schedule in 1995-96 to recognize 21 years of service. The minimum salary will increase to $18,500 in 1996 and $20,000 in 1997.

Sources: State Departments of Education

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salary supplements from $1,000 to $7,000 per year.

Recent state efforts have focused on rewarding schools rather than individual teachers within a school. These programs promote cooperation (rather than competition) among teachers. Incentive programs in Georgia, Kentucky, South Carolina, Tennessee, and Texas reward schools for improved performance on locally developed plans—or on specific indicators such as progress toward student achievement goals.

Teachers or school councils usually make decisions about spending incentive money. In most states awards can be used for several purposes, including salary bonuses (South Carolina requires funds be used only to improve instruction). Incentive programs show promise to improve achievement and encourage teacher teamwork to reach important school goals.

One roadblock to performance-based compensation has been the lack of a reliable system for evaluating or certifying teacher competence. The National Board For Professional Teaching Standards is beginning to break through that barrier by developing a national "board-certified" program for teachers willing to meet high standards.

The Board's certification process requires several months of classroom work, examinations, and other intensive, performance-oriented activities. Although the National Board has just begun to offer certification in a limited number of teaching fields, the Board's work has already spurred several SREB states to tie teacher rewards to Board certification.

Mississippi and Oklahoma have passed legislation to recognize or reward teachers who achieve National Board certification. In North Carolina's 1994-95 budget, funds were earmarked to pay the examination fee, provide paid leave for teachers participating in the process, and reward successful teachers with a 4 percent increase.

Over time, the National Board process may prove to be one effective way that states can link teacher quality and teacher compensation.

Important Questions About Teacher Salaries

As responsibility for school success shifts to local schools and classrooms, lawmakers and members of the public should consider these questions about teacher compensation:

- Are teacher salaries adequate to attract and retain teachers of good quality in every school?
- Do state and school district policies link teacher and principal salaries to results? If not, are efforts underway to rethink the current compensation system?
- How can teachers be rewarded who become certified by the National Board for Professional Teaching Standards?
- How could teacher salary policies be used to support shared decisionmaking and other school improvement efforts?

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